

ROBERT HAWKINS

IBLA 79-99

Decided January 17, 1980

Appeal from decision of Wyoming State Office, Bureau of Land Management, declaring oil and gas lease Evanston 023915 terminated by operation of law.

Affirmed.

1. Oil and Gas Leases: Termination -- Oil and Gas Leases: Well Capable of Production

An oil and gas lease which is in its extended term by reason of production terminates by operation of law when it is determined that the lease no longer has a well capable of production in paying quantities and no approved reworking or drilling operations are commenced within 60 days of cessation of production.

2. Oil and Gas Leases: Extensions -- Oil and Gas Leases: Termination

A request for extension of a lease terminated by operation of law must be denied. A lease in its extended term because of production can be held only so long as oil and gas in paying quantities is produced.

APPEARANCES: Robert Hawkins, pro se.

OPINION BY ADMINISTRATIVE JUDGE BURSKI

Robert Hawkins appeals the October 26, 1978, decision of the Wyoming State Office, Bureau of Land Management (BLM), declaring oil

and gas lease, Evanston 023915, 1/ terminated by operation of law as of midnight of September 30, 1977.

The lease was originally issued as a noncompetitive lease to one T. A. Pedley, effective September 1, 1948, for a primary term of 5 years, and so long thereafter as oil and gas was produced in paying quantities. The lease was extended for an additional term of 5 years to August 31, 1958.

In November 1957 assignees of the lessor completed the first productive well on the leasehold. The lease account was therefore transferred to Geological Survey for administration.

Appellant's interest in the lease is derived from a series of assignments. Appellant is president of Craig Steel and Salvage Company, which held record title to interests in the subject lease pursuant to an assignment dated September 1, 1964, and approved January 18, 1965. In November 1976 the corporation assigned its interests to appellant in his personal capacity.

By decision dated October 26, 1978, the lease was held to have terminated on the ground that "the well was no longer capable of producing oil and/or gas in paying quantities after September 1977. No approved operations to restore production were commenced within the sixty days thereafter, as allowed under Regulation 43 CFR 3107.3-1."

On appeal appellant states that in 1964 the pump "gyped up and in the process of pulling the pump, the rods were pulled in two and they failed to get the pump out." Appellant also states that for 1 week in 1968 he attempted to "pull the pump & tubing" but was unsuccessful because of difficulties associated with the "gyp problem." This Board is requested to extend the lease an additional year to afford appellant an opportunity to return the leasehold to production. In support of that request appellant states that he "made three trip[s] to the area last Summer trying to get a 'service unit'" to remove the pump and tubing. His failure to obtain a service unit is apparently attributed to the high altitude of the locale and bad weather during the winter months.

[1] An oil and gas lease which is in its extended term by reason of production terminates by operation of law when it is determined that the lease no longer has a well capable of production in paying quantities and no approved reworking or drilling operations are commenced within 60 days of cessation of production. 30 U.S.C. § 226(f) (1976); John S. Pehar, 41 IBLA 19 (1979); Universal Resources Corp.,

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1/ The situs of Evanston 023915, Little Worm Creek field, is W 1/2 S 1/2 SE 1/4 sec. 8, T. 15 N., R. 104 W., sixth principal meridian, Wyoming.

3 IBLA 61 (1977); Emily H. Oien, 25 IBLA 193 (1976); Estate of Anna Aronow, 20 IBLA 344 (1975); Max Barash, 6 IBLA 179 (1972).

Tests conducted on September 27, 1978, demonstrated that the wells are not capable of producing oil and gas in paying quantities. Appellant does not contest that finding or the date production ceased, nor does he offer any evidence that reworking or drilling operations were commenced within 60 days thereof. Accordingly, lease E 023915 was properly held to have terminated on September 30, 1977, the last date of production. 43 CFR 3107.3-1; cases hereinbefore cited.

[2] Appellant's request for a 1-year extension must be denied. A lease in its extended term because of production can be held only so long as oil and gas in paying quantities is produced. 30 U.S.C. § 226(f) (1976). Cf. Jones-O'Brien, Inc., 85 I.D. 89 (1978).

Therefore, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

James L. Burski  
Administrative Judge

We concur:

Douglas E. Henriques  
Administrative Judge

Edward W. Stuebing  
Administrative Judge

